

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY DACCA

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FOLLOWING SENT ACTION TO SECSTATE INFO ISLAMABAD KATHMANDU
LONDON MOSCOW TOKYO BOMBAY CALCUTTA MADRAS OCT 1, 9173 FROM
NEW DELHI REPEATED TO YOU:

QUOTE LIMITED OFFICIAL USE NEW DELHI 11490

PASS AGRICULTURE

TOKYO FOR AMBASSADOR MOYNIHAN

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJ: SOVIET GRAIN LOAN TO INDIA

REF: NEW DELHI 11444 (NOTAL)

BEGIN SUMMARY: FULL DETAILS OF THE SOVIET AGREEMENT TO LOAN
INDIA TWO MILLION TONS OF GRAIN NOT YET AVAILABLE. IT APPEARS
THAT THE AGREEMENT INCLUDES 1.8 MILLION TONS OF WHEAT AND 200,000
TONS OF RICE AND THAT DELIVERY TO INDIA SHOULD BE COMPLETED
BY JANUARY 31, 1974. END SUMMARY.

1. EMBASSY OFFICERS ARE CONTINUING THEIR EFFORTS TO OBTAIN
DETAILED INFORMATION ON SOVIET AGREEMENT TO LOAN INDIA TWO
MILLION TONS OF GRAIN. AT PRESENT, IT APPEARS THAT MOST OF THE
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DETAILS OF THE AGREEMENT ARE NOT YET DETERMINED. AN INDIAN

DELEGATION IS BEING ORGANIZED NOW TO DEPART FOR MOSCOW SOONEST TO WORK OUT DETAILS. J.A. DAVE, MANAGING DIRECTOR, FOOD CORPORATION OF INDIA, WILL BE THE SENIOR REPRESENTATIVE FROM THE MINISTRY OF AGRICULTURE AND POSSIBLY LEADER OF THE DELEGATION.

2. INFORMATION OBTAINED THUSFAR INDICATES THAT THE TWO MILLION TONS OF GRAIN INCLUDES 1.8 MILLION METRIC TONS OF WHEAT AND 200,000 TONS OF RICE. THE PLANNED DELIVERY PERIOD IS OVER A FOUR-MONTH PERIOD--TO BE CONCLUDED BY 1/31/74 BUT WITH SHIPMENTS TO START IMMEDIATELY BY DIVERTING SOVIET-OWNED GRAIN NOW IN TRANSIT.

3. GOI OFFICIALS, WITH WHOM EMBASSY OFFICERS TALKED, UNDERSTAND THAT THE WHEAT LOAN IS INTENDED TO BE REPAYABLE FROM THE 1974 INDIAN WHEAT HARVEST. THEY POINT OUT, HOWEVER, THAT THIS WILL NOT BE POSSIBLE AND ESTIMATE THAT IT WILL REQUIRE TWO TO THREE YEARS FOR THE LOAN TO BE REPAYED WITH INDIAN-GROWN WHEAT.

4. GOI OFFICIALS NOW EXPECT MOST OF THE 1.8 MILLION TONS OF WHEAT TO BE SUPPLIED FROM SOVIET PURCHASES OF U.S. AND CANADIAN WHEAT. THIS EXPECTATION IS CONTRARY TO THE VIEW EXPRESSED IN PARAGRAPH 3, REFTEL.

5. COMMENTS: AT THIS POINT, EMBASSY OFFICERS INCLINED TO BELIEVE THAT ONLY AN AGREEMENT IN PRINCIPLE HAS BEEN REACHED, AND THAT DETAILS WILL BE WORKED OUT LATER IN MOSCOW. A HURRIEDLY-CALLED PRESS CONFERENCE WAS HELD AT 1800 HOURS ON SEPT 28, TO ANNOUNCE THE GRAIN LOAN AGREEMENT. AS FAR AS WE HAVE BEEN ABLE TO DETERMINE, NO U.S. REPORTERS WERE INVITED TO THE PRESS CONFERENCE. THE ANNOUNCEMENT WAS MADE BY THE FOOD SECRETARY, A SENIOR CIVIL SERVANT, INSTEAD OF A SENIOR POLITICAL OFFICIAL. REASON APPEARS TO BE GOI'S DESIRE TO RETAIN MAXIMUM FLEXIBILITY IN ALL ASPECTS OF ARRANGEMENT.
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